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FISCAL IMPACT REPORT

SPONSOR: Sharer 1/27/03 01/27/03 HB _____

SHORT TITLE: Poor Telecommunications Service SB 103

ANALYST: Wilson

APPROPRIATION

| Appropriation Contained | | Estimated Additional Impact | | Recurring or Non-Rec | Fund Affected |
|-------------------------|------|-----------------------------|------|----------------------|---------------|
| FY03 | FY04 | FY03 | FY04 | | |
| | | Substantial – See Narrative | | Recurring | General Fund |

SOURCES OF INFORMATION

Responses Received From

Public Regulation Commission (PRC)

SUMMARY

Synopsis of Bill

Senate Bill 103 requires the Public Regulation Commission to enact rules to allow businesses to recover revenues due to poor public telecommunications service.

Significant Issues

SB 103 provisions will only cover businesses that purchase service from a telecommunications provider with over 50,000 lines which in New Mexico is only Qwest and Valor.

Quality of Service Standards for both companies with more than 50,000 access lines are already defined in the current law, Alternative Forms of Regulation, that sets rates, terms and conditions of service for 5 years. AFOR is a form of “contract” where breaches in Quality of Service Standards trigger remedies as set forth in the contract, including individuals and businesses, but these remedies do not cover the loss of business revenues.

Private causes of action involving loss of business revenues are normally handled in judicial court where the burden of proof is on the complainant who is in a better position to determine the amount of business revenues lost.

The PRC claims that its expertise is in determining issues of public convenience and necessity, establishing rates and standards for telecommunications companies, not litigating a “private causes of action” as implied in SB 103.

FISCAL IMPLICATIONS

The PRC estimates that they will need four new FTEs at an estimated cost of \$300,000 to implement the provisions of SB 103. These FTEs will be used to settle additional adjudications before the PRC and to handle those that would affect the Commission in other courts.

ADMINISTRATIVE IMPLICATIONS

The PRC notes that currently it does not have expertise in the area of lost business revenues and that the additional workload from the provisions of SB 103 could be substantial.

DW/njw